

Public Utilities Commission

Analyst: Sepich

Historical Summary

OPERATING BUDGET	FY 2020 Total App	FY 2020 Actual	FY 2021 Approp	FY 2022 Request	FY 2022 Gov Rec
BY FUND CATEGORY					
Dedicated	7,731,700	5,987,900	6,217,600	6,512,200	6,399,600
Federal	332,300	121,000	336,600	342,200	341,800
Total:	8,064,000	6,108,900	6,554,200	6,854,400	6,741,400
Percent Change:		(24.2%)	7.3%	4.6%	2.9%
BY OBJECT OF EXPENDITURE					
Personnel Costs	4,532,700	3,671,200	4,588,000	4,788,600	4,675,600
Operating Expenditures	2,940,100	2,271,600	1,966,200	2,047,800	2,047,800
Capital Outlay	591,200	166,100	0	18,000	18,000
Total:	8,064,000	6,108,900	6,554,200	6,854,400	6,741,400
Full-Time Positions (FTP)	49.00	49.00	49.00	49.00	49.00

Department Description

The Idaho Public Utilities Commission (PUC) was established by the 12th Session of the Idaho Legislature and was organized on May 8, 1913. The commission oversees the intrastate operation of investor-owned electric, gas, water, telecommunications utilities, pipelines, and railroads. The commission does not regulate publicly-owned municipal or cooperative utilities. The commission serves the citizens and utilities of Idaho by determining fair, just, and reasonable rates for utility commodities and services to be delivered safely, reliably, and efficiently. After the Legislature removed the motor carrier function from the commission in 1999, the Administration, Utilities, and Regulated Carriers Programs were combined into one program for budgeting purposes. The PUC is divided internally into two divisions: 1) Administration and 2) Utilities.

The Administration Division has management, fiscal, personnel, public affairs, pipeline safety, and railroad safety responsibilities. It provides support services for the agency (Sections 61-301 through 337, Idaho Code). The pipeline safety section oversees the safe operation of interstate oil and natural gas pipelines in Idaho. The rail section oversees the safe operations of railroads that move freight through Idaho and enforces state and federal regulations safeguarding the transportation of hazardous materials by rail. The PUC is federally preempted from regulating railroad rates, charges, routes, and service; but it can still regulate non-economic railroad operations such as abandonment proceedings, enforcing safety regulations, establishing clearance safety rules, and deciding grade crossing disputes. The commission has also entered into a joint state-federal program with the Federal Railroad Administration to promote and enforce federal safety regulations related to the transportation of hazardous materials by rail in Idaho.

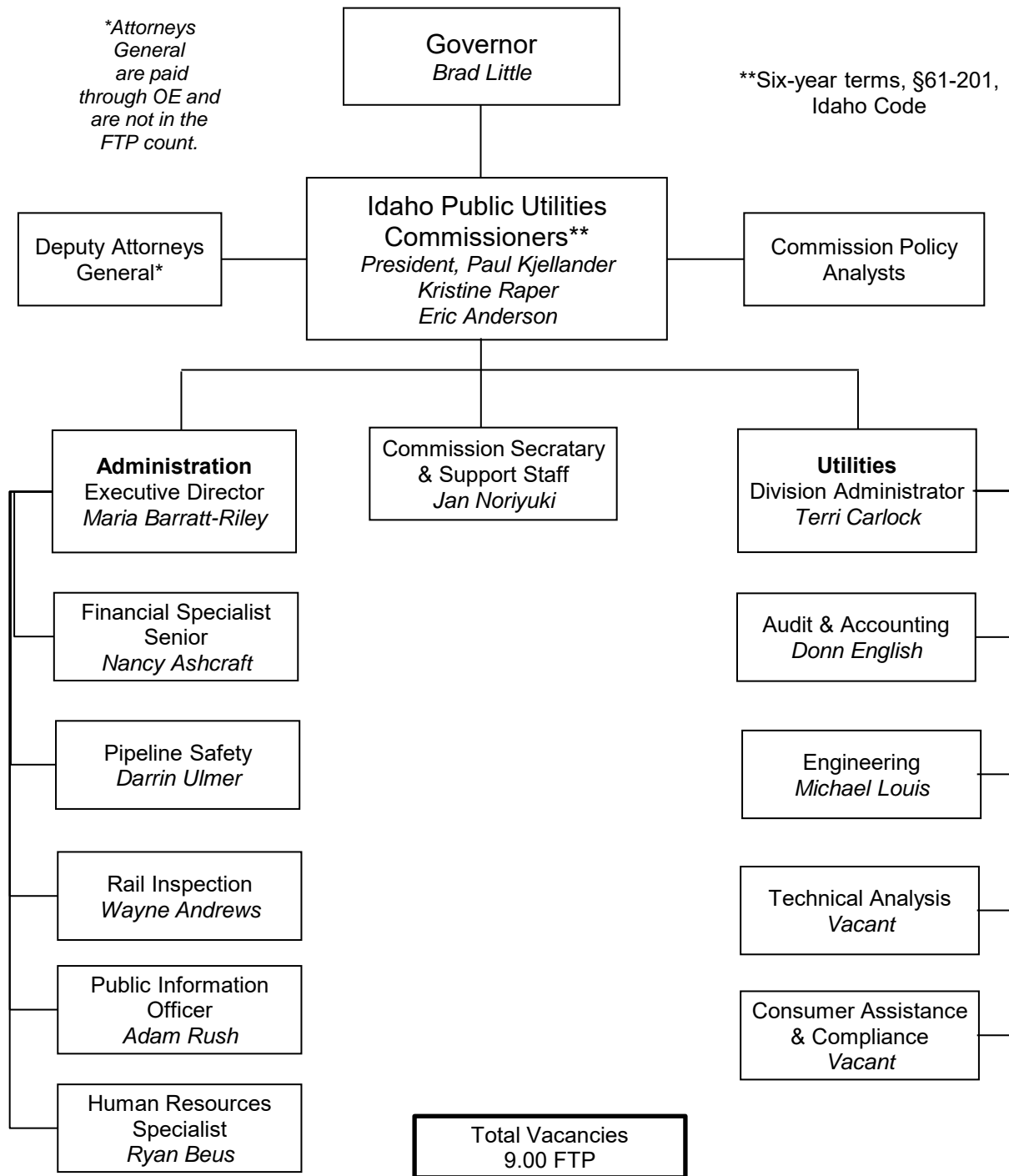
The Utilities Division has audit, engineering, telecommunications, technical analysis, and consumer assistance responsibilities. The audit section advises the commission on auditing, accounting, financing, income tax, and security issues. It participates in all rate cases to determine proper income, expenses, rate bases, and revenue requirements. The engineering, telecommunications, and technical analysis sections are primarily responsible for economic and engineering analysis of rates, rate design, and cost-of-service and technical evaluations of company proposals. The consumer assistance section is responsible for handling customer complaints and specialized information requests.

Programs are funded by the Public Utilities Commission (PUC) Fund which consists of fees collected from the regulated utilities (telecommunications, power, natural gas, and water corporations) in an amount not more than 0.3% of their intrastate revenues (Section 61-1004, Idaho Code) and from railroad corporations, not more than 1% of the gross operating revenues derived from the intrastate business. The pipeline safety program is also partially funded with a federal grant from the U.S. Department of Transportation. Prior to FY 2001, General Fund expenditures for the salaries and benefits of the commissioners (Section 61-1009, Idaho Code) were reimbursed to the General Fund at year-end from the PUC Fund. However, the law was changed and commissioners' salaries are now paid from the PUC Fund.

Public Utilities Commission

Organizational Chart

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Full-time Equivalent Positions	FY 2021 Authorized	FY 2022 Request
Public Utilities Commission	49.00	49.00

Part I – Agency Profile

Agency Overview

Under state law, the Idaho Public Utilities Commission supervises and regulates Idaho's investor-owned utilities - electric, gas, telecommunications and water - assuring adequate service and affixing just, reasonable and sufficient rates.

The commission does not regulate publicly owned, municipal or cooperative utilities.

In setting rates, the commission must consider the needs of both the utility and its customers. Customers must be ensured of paying a reasonable rate and utilities must be allowed the opportunity to recover their legitimate costs of serving of their customers and earning a fair rate of return. IPUC decisions can be appealed to the Idaho Supreme Court.

The governor appoints the three commissioners with confirmation by the Idaho Senate. No more than two commissioners may be of the same political party. The commissioners serve staggered six-year terms. Currently serving are Paul Kjellander, Kristine Raper, and Eric Anderson. Vacancies that occur when the Idaho Senate is not in session are filled by gubernatorial appointment subject to confirmation by the Senate upon reconvening in regular session.

The governor may remove a commissioner before his/her term has expired for dereliction of duty, corruption or incompetence.

The three-member commission was established by the 12th Session of the Idaho Legislature and was organized May 8, 1913 as the Public Utilities Commission of the State of Idaho. In 1951 it was reorganized as the Idaho Public Utilities Commission. Statutory authorities for the commission are established in Idaho Code titles 61 and 62.

The IPUC has quasi-legislative and quasi-judicial duties as well as executive powers and duties. The Commission is authorized 49 FTE and has its main office in Boise, Idaho.

In its quasi-legislative capacity, the commission sets rates and makes rules governing utility operations. In its quasi-judicial mode, the commission hears and decides complaints, issues written orders that are similar to court orders and may have its decisions appealed to the Idaho Supreme Court. In its executive capacity, the commission enforces state laws affecting regulated utilities and rail industries.

Fees assessed on the utilities and railroads it regulates fund commission operations. Annual assessments are set by the Commission each year in April within limits set by law.

At this time, Paul Kjellander is the Commission President. Commissioners meet on the first Monday in April in odd-numbered years to elect one of their own to a two-year term as president. The president signs contracts on the commission's behalf, is the final authority in personnel matters and handles other administrative tasks.

Chairmanship of individual cases is rotated among all three commissioners. The Commission conducts its business in two types of meetings: hearings and decision meetings.

Formal hearings on utility and railroad issues are held on a case-by-case basis, often in the service area of the utility under consideration to allow maximum public participation. These hearings resemble judicial proceedings and are transcribed by a court reporter. Formal parties to the case under consideration present testimony and evidence subject to cross-examination by attorneys and staff from the other parties and the Commissioners.

Members of the general public may testify before the commission at a hearing without prior notice or formal intervention. However, those seeking the full rights of parties - such as the right to cross-examine other witnesses, make objections, or to make and argue motions - must file a petition for "intervener" status. Partnerships, corporations and other entities must be represented by a licensed attorney.

To provide for more public input in a less formal setting, commission staff members have begun traveling to areas impacted by potential commission decisions to conduct workshops. Unlike a formal hearing where members of the public testify but cannot ask questions of commissioners, a workshop allows citizens to ask questions and offer suggestions to commission staff.

The Commission also conducts regular decision meetings to consider issues on an agenda prepared by the commission secretary and posted in advance of the meeting. These meetings are usually held Tuesdays at 1:30 p.m., although by law the commission is required to meet only once a month. Members of the public are welcome to attend decision meetings.

Typically, decision meetings consist of the Commission's review of decision memoranda prepared by commission staff. Minutes of the meetings are taken and decisions reached at these meetings are preliminary, becoming final only when issued in a written order signed by a majority of the Commission.

Core Functions/Idaho Code

Statutory authorities for the Commission are established in Idaho Code titles 61 and 62. To help ensure its decisions are fair and workable, the commission employs a staff of about 55 people - engineers, rate analysts, attorneys, accountants, investigators, economists, secretaries and other support personnel. The commission staff is organized in three divisions - Administration, Legal and Utilities.

The staff analyzes each petition, complaint, rate increase request or application for an operating certificate received by the Commission. In formal proceedings before the Commission, the staff acts as a separate party to the case, presenting its own testimony, evidence and expert witnesses. The Commission considers staff recommendations along with those of other participants in each case - including utilities, public, agricultural, industrial, business and consumer groups.

Utilities Division

The Utilities Division, responsible for technical and policy analysis of utility matters before the Commission, is divided into four sections.

The *Audit Section*, audits utility books and records to verify reported revenue, expenses and compliance with commission orders. Staff auditors present the results of their findings in audit reports as well as in formal testimony and exhibits. When a utility requests a rate increase, cost-of-capital studies are performed to determine a recommended rate of return. Revenues, expenses and investments are analyzed to determine the amount needed for the utility to earn the recommended return on its investment.

The *Engineering Section*, reviews the physical operations of utilities. Staff engineers determine the cost of serving various types of customers, design utility rates and allocate costs between Idaho and the other states served by Idaho utilities. They determine the cost effectiveness of conservation and co-generation programs, evaluate the adequacy of utility services and frequently help resolve customer complaints. The group develops computer models of utility operations and reviews utility forecasts of energy usage and the need for new facilities.

The *Technical Analysis Section*, which consists of four Utility Analysts, and one Technical Analysis Manager determines the cost effectiveness of all Demand Side Management (DSM) programs including energy efficiency and demand response. They identify potential for new DSM programs and track the impact on utility revenues. They review utility forecasts of energy, water and natural gas usage with focus on residential self-generation and rate design.

The *Telecommunications Section*, which consists of one utility analyst reviews and recommends Commission action on telecommunications issues and new telecommunication services filed with the Commission. Telecommunications analysts propose ways to allocate revenue among the various types of telecommunication services and recommend rates to recover that revenue.

The *Consumer Assistance Section* includes four compliance investigators and the supervisor of Consumer Assistance who resolve conflicts between utilities and their customers. Customers faced with service disconnections

often seek help in negotiating payment arrangements. Consumer Assistance may mediate disputes over billing, deposits, line extensions and other service problems.

Consumer Assistance monitors Idaho utilities to verify they are complying with Commission orders and regulations. Investigators participate in general rate and policy cases when rate design and customer service issues are brought before the Commission.

Most consumers contact the Commission by telephone or by e-mail, via the Commission's Website. Staff members may negotiate payment arrangements with utilities on behalf of consumers and, when appropriate, refer clients to social service agencies, financial aid programs or budget counseling services.

As traditionally regulated services become deregulated, the Consumer Assistance Section's role of educating consumers and mitigating complaints with non-regulated utilities has increased. The increase in companies providing services equates to an increase in consumer inquiries and complaints. Also on the increase are disputes between companies providing services, especially among telecommunications providers.

The Consumer Assistance Section is also responsible for conducting quality of service and compliance investigations.

Administration

The Administrative Division is responsible for coordinating overall IPUC activities. The division includes the three commissioners, three Policy Strategists, a Commission Secretary, an Executive Director, a Public Information Officer, and support personnel.

The three *Policy Strategists* are executive level positions reporting directly to the Commissioners with policy and technical consultation and research support regarding major regulatory issues in the areas of electricity, telecommunications, water and natural gas. Strategists are also charged with developing comprehensive policy strategy, providing assistance and advice on major litigation before the commission and acting as liaison between the Commission and its staff, utility representatives, public officials and public agencies and organizations.

The *Commission Secretary*, a post established by Idaho law, keeps a precise public record of all Commission proceedings. The Secretary issues notices, orders and other documents to the proper parties and is the official custodian of documents issued by and filed with the commission. Most of these documents are public records.

The *Executive Director* has primary responsibility for the commission's fiscal and administrative operations, preparing the commission budget and supervising fiscal, administration, public information, personnel, information systems, rail section operations and pipeline safety. The Executive Director also serves as a liaison between the Commission and other state agencies and the Legislature.

The *Public Information Officer* is responsible for informing the public and the media of commission decisions, meetings and activities; responding to requests for information; coordinating public hearings; preparing materials that allow for effective public participation in IPUC proceedings; and preparing the annual report. In addition the Executive Assistant is responsible for other special projects assigned by the commissioners.

Rail Section

The Commission's Safety Inspectors-Regulated Utilities inspect railroads grade crossings when the Commission receives reports of maintenance deficiencies. The Rail Section is part of the multi-agency safety team that investigates all railroad-crossing accidents and makes recommendations for safety improvements to crossings.

As part of its regulatory authority, the Commission evaluates the discontinuance and abandonment of railroad service in Idaho by conducting an independent evaluation of each case to determine whether the abandonment of a particular railroad line would adversely affect Idaho shippers and whether the line has any profit potential. Should the Commission determine abandonment would be harmful to Idaho interests; it then represents the state before the federal Surface Transportation Board, which has authority to grant or deny line abandonment. The Commission also conducts hearings and issues orders concerning the elimination or alteration of grade crossings.

Pipeline Safety Program

The pipeline safety section oversees the safe operation of the intrastate natural gas pipelines and facilities in Idaho.

The Commission's Safety Inspectors-Regulated Utilities verify compliance of state and federal regulations by on-site inspections of intrastate gas distribution systems operating in the state. Part of the inspection process includes a review of record-keeping practices and compliance with design, construction, operation, maintenance and drug/alcohol abuse regulations. All reportable accidents are investigated and appropriate reports filed with the U.S. Department of Transportation.

Legal Division

Five Deputy Attorneys General are assigned to the Commission from the Office of the Attorney General and have permanent offices at IPUC headquarters. The IPUC attorneys represent the staff in all matters before the Commission, working closely with staff accountants, engineers, investigators and economists as they develop their recommendations for rate case and policy proceedings.

In the hearing room, IPUC attorneys coordinate the presentation of the staff's case and cross-examine other parties who submit testimony. The attorneys also represent the Commission itself in state and federal courts and before other state or federal regulatory agencies.

Revenue and Expenditures

Revenue	FY 2017	FY 2018	FY 2019	FY 2020
Public Utilities Comm.	\$4,888,700	\$6,004,300	\$5,770,200	\$6,031,700
Indirect Fund	\$273,000	\$74,700	\$38,900	\$38,200
Federal Grant	\$186,100	\$180,100	\$212,400	\$242,000
Total	\$5,347,800	\$6,259,100	\$6,021,500	\$6,311,300
Expenditures	FY 2017	FY 2018	FY 2019	FY 2020
Personnel Costs	\$4,170,000	\$4,092,900	\$4,132,700	\$3,671,200
Operating Expenditures	\$1,264,600	\$2,105,700	\$2,755,900	\$2,271,600
Capital Outlay	\$97,700	\$60,500	\$55,600	\$166,100
Trustee/Benefit Payments	\$0	\$0	\$0.00	0.000
Total	\$5,532,300	\$6,259,100	\$7,026,100	\$6,108,900

Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2017	FY 2018	FY 2019	FY 2020
1. Number of cases older than one year closed in this fiscal year.	24	27	9	40
2. Number of comprehensive audits completed annually.	17	28	22	27
3. Number of utility annual reports reviewed annually.	21	31	21	22
4. Number of formal complaints received by the commission.	0	2	2	3
5. Number of informal complaints received by the commission.	890	887	625	772
6. Number of Inquiries received by the commission.	670	437	212	396
7. Average number of days needed to respond to inquiries and resolve complaints.	5	6	6	7
8. Number pipeline inspection units audited per year.	14	24	50	110
9. Number of pipeline inspection days completed.	262	412	325	326.5
10. Number of rail hazardous material inspections.	116	182	216	332
11. Number of rail abandonment investigations.	0	1	0	1

Red Tape Reduction Act

Each agency shall incorporate into its strategic plan a summary of how it will implement the Red Tape Reduction Act, including any associated goals, objectives, tasks, or performance targets. This information may be included as an addendum.

	As of July 1, 2019	As of July 1, 2020
Number of Chapters	15	13
Number of Words	87,474	77,509
Number of Restrictions	1,198	892

Senior Commission Staff will do a more in-depth review of the proposed rules that were posted in the June Special Bulletin. The PUC Staff will host workshops with interested parties and identify chapters or subsections of chapter.

Part II – Performance Measures

Performance Measure		FY 2017	FY 2018	FY 2019	FY 2020
1. Percent of all cases open for more than one year that were closed in this fiscal year.	actual	24	27	25	23
	target	20	20	20	20
2. Number of comprehensive audits completed this fiscal year.	actual	17	28	22	27
	target	7	7	7	7
3. Number of annual reports reviewed this fiscal year.	actual	21	31	21	22
	target	20	20	20	20
4. Average number of days needed to respond to inquiries and resolve informal complaints.	actual	5	6	6	7
	target	10	10	5	5
5. Number of pipeline inspection units audited.	actual	14	14	22	22
	target	12	12	15	15
6. Number of pipeline inspection days this fiscal year.	actual	262	416	295	295
	target	100	100	325	325
7. HAZMAT inspections conducted this fiscal year.	actual	116	182	216	332
	target	125	125	100	100
8. Percent of proposed rail abandonments investigated.	actual	100	100	100	100
	target	100	100	100	100

For More Information Contact

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Public Utilities Commission

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FY 2020 Actual Expenditures by Division

		FTP	PC	OE	CO	T/B	LS	Total
0.30	FY 2020 Original Appropriation							
0125-00	Ded	0.00	0	219,300	0	0	0	219,300
0229-20	Ded	46.00	4,259,400	1,752,600	70,400	0	0	6,082,400
0348-00	Fed	3.00	263,600	69,200	0	0	0	332,800
Totals:		49.00	4,523,000	2,041,100	70,400	0	0	6,634,500
0.41	Prior Year Reappropriation							
0229-20	Ded	0.00	18,500	899,000	520,800	0	0	1,438,300
Totals:		0.00	18,500	899,000	520,800	0	0	1,438,300
0.44	Rescissions							
0229-20	Ded	0.00	(8,300)	0	0	0	0	(8,300)
0348-00	Fed	0.00	(500)	0	0	0	0	(500)
Totals:		0.00	(8,800)	0	0	0	0	(8,800)
1.00	FY 2020 Total Appropriation							
0125-00	Ded	0.00	0	219,300	0	0	0	219,300
0229-20	Ded	46.00	4,269,600	2,651,600	591,200	0	0	7,512,400
0348-00	Fed	3.00	263,100	69,200	0	0	0	332,300
Totals:		49.00	4,532,700	2,940,100	591,200	0	0	8,064,000
1.61	Reverted Appropriation							
0125-00	Ded	0.00	0	(205,300)	0	0	0	(205,300)
0229-20	Ded	0.00	(692,800)	(420,600)	(425,100)	0	0	(1,538,500)
0348-00	Fed	0.00	(168,700)	(42,600)	0	0	0	(211,300)
Totals:		0.00	(861,500)	(668,500)	(425,100)	0	0	(1,955,100)
2.00	FY 2020 Actual Expenditures							
0125-00	Ded	0.00	0	14,000	0	0	0	14,000
Indirect Cost Recovery			0	14,000	0	0	0	14,000
0229-20	Ded	46.00	3,576,800	2,231,000	166,100	0	0	5,973,900
Public Utilities Commission			3,576,800	2,231,000	166,100	0	0	5,973,900
0348-00	Fed	3.00	94,400	26,600	0	0	0	121,000
Federal Grant			94,400	26,600	0	0	0	121,000
Totals:		49.00	3,671,200	2,271,600	166,100	0	0	6,108,900
Difference: Actual Expenditures minus Total Appropriation								
0125-00	Ded		0	(205,300)	0	0	0	(205,300)
Indirect Cost Recovery			N/A	(93.6%)	N/A	N/A	N/A	(93.6%)
0229-20	Ded		(692,800)	(420,600)	(425,100)	0	0	(1,538,500)
Public Utilities Commission			(16.2%)	(15.9%)	(71.9%)	N/A	N/A	(20.5%)
0348-00	Fed		(168,700)	(42,600)	0	0	0	(211,300)
Federal Grant			(64.1%)	(61.6%)	N/A	N/A	N/A	(63.6%)
Difference From Total Approp			(861,500)	(668,500)	(425,100)	0	0	(1,955,100)
Percent Diff From Total Approp			(19.0%)	(22.7%)	(71.9%)	N/A	N/A	(24.2%)

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2021 Original Appropriation	49.00	0	6,554,200	49.00	0	6,554,200
Removal of Onetime Expenditures	0.00	0	(44,800)	0.00	0	(44,800)
FY 2022 Base	49.00	0	6,509,400	49.00	0	6,509,400
Benefit Costs	0.00	0	164,500	0.00	0	14,700
Replacement Items	0.00	0	49,000	0.00	0	49,000
Statewide Cost Allocation	0.00	0	95,400	0.00	0	95,400
Change in Employee Compensation	0.00	0	36,100	0.00	0	72,900
FY 2022 Total	49.00	0	6,854,400	49.00	0	6,741,400
Change from Original Appropriation	0.00	0	300,200	0.00	0	187,200
% Change from Original Appropriation			4.6%			2.9%

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2021 Original Appropriation					
The Legislature funded two line items for FY 2021 which included \$8,100 for a CEC for Commissioners, and \$17,200 for technology consolidation and modernization.					
	49.00	0	6,217,600	336,600	6,554,200
Removal of Onetime Expenditures					
This adjustment removes \$16,600 appropriated for the Governor's Technology Initiatives and \$28,200 for software maintenance of various office applications funded on a onetime basis in FY 2021.					
Agency Request	0.00	0	(44,800)	0	(44,800)
Governor's Recommendation	0.00	0	(44,800)	0	(44,800)
FY 2022 Base					
Agency Request	49.00	0	6,172,800	336,600	6,509,400
Governor's Recommendation	49.00	0	6,172,800	336,600	6,509,400
Benefit Costs					
Employer-paid benefit changes include an 11% increase (or \$1,280 per eligible FTP) for health insurance, bringing the total appropriation to \$12,930 per FTP. Also included is a restoration of the unemployment insurance rate, a partial restoration of the unused sick leave rate, and adjustments to workers' compensation that vary by agency.					
Agency Request	0.00	0	161,200	3,300	164,500
<i>The Governor recommends no increase for health insurance due to fewer claims than expected and a one-year holiday for employers who contribute to the PERSI-managed sick leave plan.</i>					
Governor's Recommendation	0.00	0	14,100	600	14,700
Replacement Items					
The commission requests \$23,000 in ongoing operating expenditures and \$26,000 onetime from the Public Utilities Commission Fund for a total of \$49,000. The ongoing portion represents software licenses and software maintenance of various office applications, while the onetime amounts are for laptops (\$18,000) and network switches (\$8,000).					
Agency Request	0.00	0	49,000	0	49,000
Governor's Recommendation	0.00	0	49,000	0	49,000
Statewide Cost Allocation					
This request includes adjustments to recover the cost of services provided by other agencies in accordance with federal and state guidelines on cost allocation. Attorney General fees will increase by \$88,800, risk management costs will increase by \$700, State Controller fees will decrease by \$1,600, and Office of Information Technology Services billings will increase by \$7,500, for a net increase of \$95,400.					
Agency Request	0.00	0	95,400	0	95,400
Governor's Recommendation	0.00	0	95,400	0	95,400
Change in Employee Compensation					
For calculation purposes, agencies were directed to include the cost of a 1% salary increase for permanent and temporary employees.					
Agency Request	0.00	0	33,800	2,300	36,100
<i>The Governor recommends a 2% increase in employee compensation, distributed on merit. He does not recommend a compensation increase for group and temporary positions. The Governor recommends the pay structure for state employees be moved by 2% and includes \$1,000 for that purpose.</i>					
Governor's Recommendation	0.00	0	68,300	4,600	72,900
FY 2022 Total					
Agency Request	49.00	0	6,512,200	342,200	6,854,400
Governor's Recommendation	49.00	0	6,399,600	341,800	6,741,400

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Agency Request					
Change from Original App	0.00	0	294,600	5,600	300,200
% Change from Original App	0.0%		4.7%	1.7%	4.6%
Governor's Recommendation					
Change from Original App	0.00	0	182,000	5,200	187,200
% Change from Original App	0.0%		2.9%	1.5%	2.9%